



**STATE OF TENNESSEE  
DEPARTMENT OF HUMAN SERVICES**

CITIZENS PLAZA BUILDING  
400 DEADERICK STREET  
NASHVILLE, TENNESSEE 37243-1403

TELEPHONE: 615-313-4700 FAX: 615-741-4165  
TTY: 1-800-270-1349  
[www.state.tn.us/humanserv/](http://www.state.tn.us/humanserv/)

**BILL HASLAM**  
GOVERNOR

**RAQUEL HATTER, MSW, Ed.D.**  
COMMISSIONER

March 31, 2016

**CERTIFIED MAIL RECEIPT # 70151520000275135244**

Anita Harper, Operations & Finance Director  
Cherry Tree Food Program, Inc.  
2118 Trenton Road  
Clarksville, Tennessee 37040

**CERTIFIED MAIL RECEIPT # 70151520000275135251**

Michelle Moore  
281 Bellshire Dr.  
Clarksville TN 37043

**CERTIFIED MAIL RECEIPT # 70151520000275135268**

Sandra Russell  
149 Covey Rise Cr  
Clarksville TN 37043

**CERTIFIED MAIL RECEIPT # 70151520000275135275**

Chris Bagwell  
170 Tara Lane  
Goodlettsville TN 37072

**CERTIFIED MAIL RECEIPT # 70151520000275135282**

Patsy Simpson  
2118 Trenton Road  
Clarksville TN 37040

**RE: Notice of Termination and Disqualification of Child and Adult Care Food Program  
Agreement Numbers 03-47-64598-00-4 and 03-47-64458-00-4**

Anita Harper, Operations & Finance Director  
Cherry Tree Food Program, Inc.  
March 31, 2016

Dear Ms. Harper:

This letter serves as notice that the Tennessee Department of Human Services (“Department”) is terminating the Child and Adult Care Food Program (“CACFP”) agreement with Cherry Tree Food Program, Inc. and Anita Harper, Operations & Finance Director and Disqualifying Patsy Simpson, former Executive Director; former program managers Michelle Moore and Sandy Russell; former Board President Chris Bagwell from future CACFP participation (all collectively, “Institution”). The grounds for this action are the Institution’s failure to correct the serious deficiencies with the Institution’s CACFP and the Institution’s failure to return the over-payment money due to the Department. The authorization for this action is found in Paragraph 1.e. of your FY 2014 CACFP Provider Agreement and in the United States Department of Agriculture (“USDA”) Food and Nutrition Service (“FNS”) regulations at 7 C.F.R. § 226.6(c)(3)(iii)(E).

The action in this letter is based on the Institution’s failure to provide the over-payment money due to the Department and the Institution’s failure to provide a Corrective Action Plan that meets the requirements contained on Page 4 of Memo Code CACFP 14-2012 dated May 1, 2012. On February 17, 2016, the Department of Human Services (“Department”) sent you a Notice of Serious Deficiency. The notice outlined the following: the alleged mismanagement of funds as indicated in the June 29, 2015 Cherry Tree Food Program, Inc. Board Report submitted to the Tennessee Department of Human Services by the Cherry Tree Food Program, Inc., henceforth (“Cherry Tree”). The following findings were provided by the Cherry Tree Board Report, confirmed by the files of the Department; and correspondence received from Cherry Tree.

(1) On or about June 16, 2015, Anita Harper became aware that then-current Director Patsy Simpson had accessed the Line of Credit at First Advantage Bank to transfer some business funds to her personal checking account(s); and possibly withdrew additional funds from the program’s checking account discovered in online printouts of the checking account requested and printed by program manager Sandra Russell.

(2) Prior to June 16, 2015 and in accordance with the Management Plan on file with CACFP, Patsy Simpson was the signatory representative on accounts at First Advantage & Planters Bank. Anita Harper was responsible to review charges in advance to ensure that all commitments for administrative funds were in accordance with the approved budget on file with Tennessee Department of Human Services CACFP and responsible to reconcile bank and other account statements.

(3) The statements for the months of May and June 2015 were withheld by Ms. Simpson who presented various reasons why the statements had not been mailed by the banks until June 16, 2015—when she admitted to Ms. Harper that she had accessed the accounts for her personal use and asked that Ms. Harper not reveal this information to anyone. On or about June 17, 2015, Ms. Harper contacted each member of the company’s board of directors to report the events per regulatory and audit requirements.

Anita Harper, Operations & Finance Director  
Cherry Tree Food Program, Inc.  
March 31, 2016

(4) The decision of the Board of Directors on June 29, 2015, was to place Patsy Simpson on administrative leave pending a full investigation. She was to be issued a letter on July 1, 2015, relieving her of duties as Executive Director of Cherry Tree and ordered to have no contact with employees or clients of the business; and have no access to the rented business portion of the household at 2118 Trenton Road.

(5) Employees and clients were to be told that Ms. Simpson was on leave and they should work with Ms. Harper or other staff members in her absence.

(6) Board member Chris Bagwell would contact both First Advantage and Planters Bank (including Joe Pitts who is also a non-voting member of the Board of Directors) to make arrangements to remove Ms. Simpson as the account signatory and replace her with Lynn Morton as the signatory over all accounts. Ms. Harper would continue to perform her assigned duties and work under the direct supervision of the Board of Directors.

(8) During the fiscal year ending June 30, 2014, the Organization overbilled the State of Tennessee ("Department"). Billings based upon estimated (rather than actual meals provided to participants) resulted in overpayments of approximately \$193,745, according to a December 1, 2014 audit of Cherry Tree by the Thurman Campbell Group, PLC (Thurman) of Clarksville, TN.

(9) Program Managers Michelle Moore, and Sandy Russell were also held responsible by Cherry Tree for "preventing the repayment of the total amount of the overpayment received through the last month of estimated claims filed." According to the letter from Patsy Simpson on Cherry Tree letterhead, both program managers had been advised to "stop making requests for estimated claims until appropriate internal controls could be established." The notification stated that the managers "failed to reconcile the amounts for the additional months for which they began to submit estimated claims."

(10) Both managers received documented disciplinary action, and would "no longer have accounts for passwords" to the TFP database. Both managers were "aware that Cherry Tree's "growing balance" was caused by their failure to return overages on a timely basis.

(11) On August 27, 2014, Cherry Tree confirmed to the Department by letter the two managers stated above were "responsible for the actions resulting in the findings described" in the 2014 External Audit by Thurman.

(12) Cherry Tree subsequently entered in an undocumented re-payment plan with the State to repay the overpayments at \$3,500/month—or \$42,000/year, since December 2014. At this rate, it will take Cherry Tree at least another five years to repay the debt owed.

(13) Chris Bagwell was the Board President from February 2013 - August 2014.

**(14) The Institution has not submitted the over-payment of \$242,534.08. A 1% interest charge (\$4,850.68.) has been added to the over-payment. To provide for the recovery of the**

Anita Harper, Operations & Finance Director  
Cherry Tree Food Program, Inc.  
March 31, 2016

**over-payment, please remit a check payable to the Tennessee Department of Human Services in the amount of \$247,384.76.**

(15) Cherry Tree's submitted budget for the 2015-2016 federal fiscal year included the \$42,000 towards the overpayment as an administrative cost, also stating there were no non-program resources to meet their CACFP budget requirements.

(16) As a result of these financial irregularities, the Department has determined that your institution is not financially viable.

(17) The Institution submitted a late application for the 2015-2016 federal fiscal year. The application was received by the Department and date stamped September 30, 2015. The Institution's application was due on August 21, 2015 and the Application was denied December 17, 2015.

The Department identifies Patsy Simpson, former Executive Director; former program managers Michelle Moore and Sandy Russell; former Board President Chris Bagwell; and Cherry Tree, as responsible for the serious deficiencies in light of their responsibility for the overall mismanagement of the Cherry Tree CACFP.

This failure resulted in the Department determining that the Institution and the identified individuals are seriously deficient in their operation of the CACFP. **The Institution has not submitted the over-payment of \$242,534.08. A 1% interest charge (\$4,850.68.) has been added to the over-payment. To provide for the recovery of the over-payment, please remit a check payable to the Tennessee Department of Human Services in the amount of \$247,384.76.**

The Institution has not paid the overpayment identified. In addition, the responsible individual was asked to complete corrective action. However, the Institution and responsible individuals failed to complete an adequate Corrective Action Plan (CAP). Accordingly, the Department determined that the Institution and the Owner have failed to fully and permanently correct the serious deficiency cited in the Serious Deficiency Notice.

As a result of the Institution's failure to submit an adequate Corrective Action Plan, a Notice of Proposed Termination and Disqualification was issued March 11, 2016. The Institution did not appeal the Notice of Proposed Termination. As a result, the Institution's CACFP Provider Agreement is formally terminated as of the date of this letter and Cherry Tree Food Program, Inc. and the Owner are disqualified from future CACFP participation as required by the CACFP regulations at 7 C.F.R. § 226.6 (c)(3)(iii)(E).

Institutions and individuals remain on the NDL until USDA's Food and Nutrition Service, in consultation with the Department, determines that the serious deficiencies have been corrected, or until seven years after their disqualification. However, if any debt relating to the serious deficiencies has not been repaid, they will remain on the NDL until the debt and any accrued

Anita Harper, Operations & Finance Director  
Cherry Tree Food Program, Inc.  
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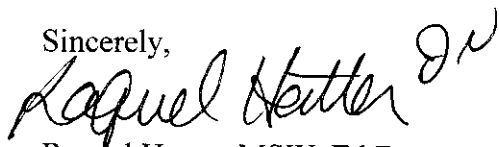
interest is repaid. In accordance with 7 C.F.R. § 226.14(a), in part, the State agency must assess interest beginning January 22, 2016. For information about applied interest rates please visit the following website:

[http://www.fiscal.treasury.gov/fsreports/rpt/cvfr/historical\\_rates.htm](http://www.fiscal.treasury.gov/fsreports/rpt/cvfr/historical_rates.htm)

The authorization for this action is found in Paragraph 1.e. of your FY 2014 CACFP Provider Agreement and in the CACFP regulations at 7 C.F.R. § 226.6(c)(3)(iii)(C).

If you have any questions, please feel free to contact Mamawah Hill at (615) 313-5451.

Sincerely,

A handwritten signature in black ink that reads "Raquel Hatter" followed by a stylized flourish or initials.

Raquel Hatter, MSW, Ed.D.  
Commissioner  
MH/ba